<u>THE VINEYARD, A CONDOMINIUM</u>

**BOARD RESOLUTION RE: COLLECTIONS**

At a regular/special meeting of the Board of Directors ("Board") of The Vineyard, A Condominium ("Association"), held on the 13th day of January, 2015 at the address of 8047 Normandy St SE, at the time of 6:30p.m., the Board of Directors resolved as follows:

WHEREAS, a meeting of the Board of Directors of the Association was convened at the date, time and location set out above;

WHEREAS, the Association Secretary, by signing below, attests that the Board members were sent notice, or waived notice, in writing or by attending the meeting, and that a quorum of the Board members were present either in person or by conference call;

WHEREAS, timely payment of the assessments for common expenses and other related charges ("Assessments") is crucial for the Association to operate effectively and efficiently. Assessments for the common expenses are the obligation of every owner and are collected to pay for things such as upkeep of the property and operations of the Association which benefit all owners. Delinquencies can create cash flow problems which jeopardize the Association's ability to meet the purposes for which the Association is established as enumerated in the Declaration and the Articles of Incorporation;

WHEREAS, to help ensure timely payment and provide owners advance notice of the consequences of delinquency, the Board finds that it is in the best interest of the Association to adopt administrative rules and regulations containing uniform and systematic procedures for the collections of unpaid Assessments;

WHEREAS, "Assessment(s)" as used in the Resolution include all of the amounts chargeable under the Association's Declaration, Bylaws and at law, including but not limited to regular and special Assessments, fines, costs, interest, late charges, attorneys' fees and all other costs of collecting delinquent Assessments;

WHEREAS, the Board's and Association's powers to take the actions set out herein are set out in the Washington Homeowners Association Act (RCW 64.38 *et seq.,* the "HOA Act"), the Washington Nonprofit Corporations Act (RCW 24.03 *et seq.,)* the Articles of Incorporation, the Declaration of Covenants, Conditions and Restrictions (CC&R's), and the Bylaws, including *but not limited to* the sections enumerated below;

1. RCW 64.38.020(1) authorizes a homeowners' association to adopt and amend bylaws, rules and regulations.
2. RCW 64.38.020(2) authorizes a homeowners' association to adopt and amend budgets and impose and collect assessments for common expenses from owners.
3. RCW 64.38.020(11) authorizes a homeowners' association to impose and collect charges for late payments of assessments, and, after notice and opportunity to be heard, levy fines for violations of the governing documents according to a previously established schedule. To impose and collect charges for late payments of assessments.
4. RCW 64.38.020(3) authorizes a homeowners' association to institute, defend or intervene in litigation in its own name on behalf of itself or two or more lot owners on matters affecting the homeowners association.

5. RCW 64.38.020 (12), (13), & (14) authorize the association to exercise any other powers that may be conferred by the bylaws, that may be exercised by a non-profit corporation and any other powers necessary and proper for the governance and operation of the association.

6. RCW 64.38.050 provides that a violation of the HOA Act entitles an aggrieved party to any remedy at law or equity, and that a court may award reasonable attorneys' fees to the prevailing party.

7. Article 11.13 of the Declaration give the Board the authority to set reasonable rules and regulations that maintain and otherwise manage the Association.

8. Article 7.2 of the Bylaws defines delinquent assessments and generally sets out the procedures for collecting assessments.

9. Article 7.2 of the Bylaws defines assessments and creates a lien against each lot and personal debt of the owner for unpaid assessments and other charges, including interest expenses and attorney's fees imposed by the Declaration or by law.

NOW THEREFORE, the Board, with respect to the powers outlines above and in consideration of the Association's best interest, and after consideration and deliberation regarding the matters set forth herein, resolves as follows:

BE IT RESOLVED, that the attached Collection Regulation is hereby adopted, shall become part of the Association Rules and Regulations effective February 15, 2015, and shall supersede all previous collection policies and resolutions.

BE IT FUTHER RESOLVED that the Collection Regulation shall be mailed to all homeowners on or before January 15, 2015 to their Association property address unless another address has been provided to the Board of Directors, in which case it shall be mailed to the designated address.

DATED this 13th day of January, 2015.

**The Vineyard, A Condominium**

By: ______________________

Maria Deshaye ______________________, its President

Attest: The above resolution was properly adopted.

By: Corinne Silins

Corinne Silins ______________________, its Vice President

THE VINEYARD, A CONDOMINIUM

**COLLECTIONS REGULATION**

(Effective January 15, 2015)

1. **Assessments Defined.** "Assessment(s)" as used in this Collection Regulation include all of the amounts chargeable under this regulation and under the Associations Declaration including but not limited to, regular, capital, reconstruction, and special Assessments, for common expenses, fines, costs, interest, late charges, NSF fees, attorneys' fees and any costs or fees incurred in collecting delinquent Assessments.
2. **Ledger.** The Board or its managing representative shall keep a ledger for each lot that accounts for all Assessments and any credits and payment.
3. **General Assessments Due Monthly.** The annual Regular Assessments are due on the 1st day of each month. The annual Regular Assessments are considered delinquent if not paid on or before the 15th of the billable month.
4. **Special or Other Assessments.** In the event of a special, supplemental or other Assessments, payments shall be due as specified in the notices thereof sent to lot owners, and are delinquent if not paid by the due date.
5. **Prepayment of Assessments.** Owners are authorized to prepay or accrue monies in their account. Interest will not be paid on such prepaid funds. Charges owed to the Association will first be paid from prepaid sums of the account.
6. **Rebates.** In the event that rebates are authorized by the Board of Directors, they will only be issued to accounts in good standing.
7. **Payments.** Payment amounts will be applied to accounts in the following order: 1) Fees including interest; 2) Fines; and 3) Principal.
8. **Late Charges.** If an Assessment is not paid in full on or before the 1st day of the date for the month in which the Assessment became due, a late charge of $25 will be assessed to the owners account. Late charges will continue to accrue on the 15th day of each month that an account remains delinquent.
9. **Interest.** The principal amounts of delinquent Assessments shall accrue interest at a rate of 12% per annum. Interest shall begin to accrue on the first day of the month immediately following the date the Assessment was due.
10. **NSF.** Checks returned for non-sufficient funds (NSF) will be assessed a NSF fee of $40. Any NSF Assessment not paid in full on or before the 30th or last day of the month in which it was assessed shall be delinquent and subject to late charges, interest, and collection under the terms of this regulation.
11. **30-day Delinquency.** When an account has been delinquent for 30 days, the Association shall send notice to the owner which includes the following:
    a. The amount of the delinquent Assessment and allowable charges; including but not limited to late fees, interest, notice charges or other applicable charges.
    b. A description of the owner's residence against which the Assessment and allowable charges are levied.
    c. Name of the record owner of the Residence against which the lien is imposed.
    d. A demand for payment in full within 30 days.

e. A warning that unless the Assessments are paid in full within 30 days or a payment plan is established with the Board of Directors, the delinquency may be turned over to an attorney or agency for collections, wherein the costs of collecting the delinquent payment, including attorney's fees will be Assessments and will be added to the owner's debt; and
f. A warning that such legal action could result in foreclosure of the Association's lien of this property and sale of the owner's interest in the property.

12. **Final Notice.** When an account has been delinquent for 60 days, the Association shall send a Final Notice to the owner which includes the following:
    a. The amount of the delinquency, including any late fees, interest, final notice, Intent to Lien notice, or other applicable charges;
    b. A demand for payment if full within 10 days;
    c. A warning that unless the Assessments are paid in full within 30 days or a payment plan is established with the Board of Directors, the delinquency may be turned over to an attorney or agency for collections, wherein the costs of collecting the delinquent payment, including attorney's fees will be Assessments and will be added to the owner's debt; and
    d. A warning that if the Assessments remain unpaid, the Association will record a Notice of Claim of Lien against the property, and that the costs for doing so will be assessed against the owner's account.

13. **Lien.** Delinquent amounts constitute statutory liens from the dates the amounts are due. However, when an owner has failed to cure the delinquency in accordance with the Final Notice above, the attorney or agent is authorized to record Notice of Lien of Line against the property identifying the amount then delinquent. Delinquent owners will be assessed the cost of preparing, the cost of the lien, and recording the Notice of Claim of Lien. A copy of the Notice of Claim of Lien must be sent to the owner via US Mail and certified mail after recording to the owner's last known address, which shall be the lot address unless the owner has given another address to the Association in writing.

14. **Costs and Fees Associated with Collection.** All costs of collecting the delinquent Assessments, whether incurred by the Association or its representatives, including line charges, notices charges, costs and attorneys' fees will be charged to the delinquent owner as an Assessment.

15. **Referral to Attorney.** When an account has been delinquent for 70 or more days, the Association may refer the delinquent account to an attorney or collection agent for collections. However, the Association may refer the matter to an attorney at any time when it learns of a potential foreclosure or bankruptcy involving the lot or lot owners.

16. **Attorneys Actions Authorized.** After the delinquency has been referred to an attorney or collection agent, all communication regarding the delinquent Assessments must be with the attorney. The attorney or collection agent is authorized to take one or more of the following actions:
    a. <u>Demand Letter(s):</u> The Association's attorney or collections agent may send the delinquent owner one or more demand letters requesting payment.
    b. <u>Lien Recording:</u> While the delinquent amounts constitute statutory liens from the date the amounts are due, the attorney or agent is authorized to record Notices of Claim of Liens against the property identifying the amount then delinquent. Delinquent owners will be assessed the cost of preparing and recording the Notice of Claim of Lien and Release of Claim of Lien.
    c. <u>Payment Plans:</u> The Associations attorney or collection agent is authorized to settle delinquencies with owners through payment plans that are not to exceed 12 months without

approval of the Board. All payment settlements will require the delinquent owner to continue to pay regular Assessments as levied and must be secured by a stipulated judgment.

d. Lawsuit for Collection or Foreclosure: with the Board's approval, the attorney is authorized to commence a lawsuit against the owners on the personal obligation or for foreclosure of the statutory lien.

e. Post Judgment Remedies: If the Association obtains a money judgment, the Board may pursue additional remedies, such as garnishments, or property liens, upon the advice of counsel and in consideration of the Association's best interest.

17. **No Waiver**. Deviations from, or failure to act under this Collections Regulation shall in no way constitute a waiver by the Association of any right to impose and collect Assessments or exercise any other right or remedy under the governing documents or at lay. The Association reserves all legal rights under the governing documents and at law, including but not limited to the Homeowner Association Act (RCW 64.38 *et seq.)* and the Washington Nonprofit Corporations Act (RCW 24.03 *et seq)*.

This collections regulation was adopted by the Board of Directors by resolution dated January 13, 2015 and mailed to all owners on or before January 15, 2015.

2015/01/13

By: Garrett Taiji

Treasurer, The Vineyard, A Condominium